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DDI-813-73

22 March 1973

MEMORANDUM FOR: Deputy Director for Intelligence

SUBJECT : Proposed Increase in OER's effort
of International Energy and Raw
Materials

1. If you approve, I propose to double the professional strength of the International Petroleum Branch of the Atlantic/Pacific Division and to expand its functions to include:

-- world-wide coverage of all forms of energy outside the communist countries;

-- the monitoring of and selected research on key industrial materials especially metals;

-- and deeper research on petroleum.

2. The ☐ additional professional positions I believe are required for this purpose, which would give the branch ☐ professional positions plus ☐ clerical, would come from reductions in T/O as follows:

All three of these branches are currently understrength so that the T/O shift would not affect their current capability.

3. It is apparent that the OER effort on international petroleum needs strengthening. Nowhere else in the government is there an effective research organization on this subject. But our own effort has

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not been adequate and we hope to do much more systematic analysis of supply and demand conditions for oil in the future.

4. In the past year, and especially during the past few months, we have received a rapidly increasing number of requests from policymakers for research on other forms of energy and raw materials. We have coped with these requests by mobilizing analysts whose prime responsibility is to follow countries which are major producers of these materials (for example, the Cuban analyst writes on sugar and the Chilean analyst on copper). This is no longer a satisfactory arrangement. Although much of OER's unique contribution in the resources field will continue to derive from country expertise, functional coverage is also needed to keep abreast of current policy issues, monitor market developments and absorb information on technological change.

5. In the expanded Petroleum Branch, which would probably be renamed International Energy and Resources Branch, I would expect to assign [] analysts to metals, [] to petroleum and [] to other forms of energy and to energy problems in general, plus a Branch Chief and a Secretary.

6. Although I believe this proposal is consistent with the new policy guidelines, it is not intended to be the last step in reallocating OER resources. Further changes, however, probably can wait until next summer.

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MAURICE C. ERNST
Director
Economic Research

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